

Update 2013 Finance Planning Framework (Shown integrated into Volume 1)

August 24, 2012

This document represents the general approach for building the Update 2013 financing planning framework into Volume 1 of Update 2013. Water Plan Plenary finance sessions are indicated in red. The text below each heading is instructional text, to describe the purpose and general idea of each section. It will not necessarily appear in the chapter. The text below each heading is instructional text, to describe the purpose and general idea of each section. It will not necessarily appear in the chapter.

The last row provides an indication of probability that each respective section of the finance planning framework will be completed for Update 2013. Sections that are not completed for Update 2013 will be recommended for advancement or completion for Update 2018. The definition of “completed “ involves three primary considerations: (1) a method or process is in place for producing desired deliverables (including frameworks for stakeholder involvement, data collection capability, etc); (2) analytical tools required to produce desired trade-offs analysis are in place; (3) some level of stakeholder agreement occurs. An operational definition of “completed” is that all three dimensions converge to support findings and recommendations with reasonable levels of uncertainty. Green = Higher Probability of Completion for Update 2013; Yellow = Moderate Probability; and Red = Lower Probability.

Chapter 1 - Introduction	Chapter 2 – CA Water Today	Chapter 3 - Imperative to Invest (in Innovation and Infrastructure)	Chapter 4 State and Federal Companion Plans
<div><div>Plenary Finance Session 1</div><div>Framework Background and Scope of IWM</div><div>Definition and Scope of Integrated Water Management; Finance Planning Framework</div><div><div>This section will describe:</div><div><div>(1) The definition and scope of integrated water management (IWM).</div><div>(2) How many policymakers and stakeholders have expressed a need for an IWM finance planning effort.</div><div>(3) How California is expected to face significant challenges surrounding IWM financing due to the near full allocation of existing bond funds, protracted recession, deferred investment, etc.</div><div>(4) The intended applications of the finance planning framework.</div></div><div><div>IMPORTANT MESSAGE - Emphasis on the value of the storyboard to this and other future IWM finance efforts (as a useful framework for working through the layers of issues and complexities required to get to IWM funding and finance recommendations)</div><div><div>A detailed description of the Finance Plan storyboard.</div><div>An explanation of the storyboard’s development</div><div>An illustration of how the finance planning framework reflects the storyboard.</div></div></div></div></div>	<div><div>Plenary Finance Session 2</div><div>Follow the Money</div><div>Resource Management Funding History</div><div><div>This section will provide a description of historical federal, State, and local IWM investments as context for planning future State IWM investment. It will also include a variety of data and information to provide a full understanding of how current conditions have evolved to be (e.g. debt levels, funding sources, administrative constraints, etc).</div><div>State, Local and Federal Government IWM Spending Summary</div><div><div>This subsection contains a generalized characterization of State IWM spending from fiscal years 2000/2001 through 2011/2012 using the categories developed in storyboard component 2 (e.g innovation and infrastructure). To the extent possible, it will also include similar data for local and federal spending. Contextual messages will be articulated as necessary to help provide a full enough understanding to make informed decisions.</div></div></div></div>	<div><div>Plenary Finance Session 4</div><div>Consequences of little to no future investment</div><div>Cost of Limited or Forgone Investment</div><div><div>This section will convey a sense of urgency to implement Update 2013 recommendations. It includes a description of the implications of very limited investment in IWM (e.g. that may not even begin to implement activities that are considered critical or high-priority). Implications or resulting conditions can be expressed in terms of environmental, economic, and social effects of deferred implementation; forgone opportunities or benefits; and other unfavorable consequences.</div></div></div>	<div><div>Existing Finance Strategies</div><div><div>This section will provide a narrative regarding the disintegrated, constraining and complex nature of current State IWM financing as observed while synthesizing and integrating companion plans.</div><div>It will also describe incidental water-related benefits occurring as a twofer from various programs where water management is not the primary objective (e.g. land management, pesticide research, etc).</div></div></div>
		<div><div>Description and Clarification of the Role of State Government in IWM</div><div>Plenary Finance Session 5</div></div>	
		Qualitative Only	

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Chapter 6 - Integrated Data and Analysis	Chapter 7 - Finance Planning Framework	Chapter 8 - Implementation Plan
<p>Finance Decision Support System (<i>Planning Needs and Analytical Strategy</i>)</p> <p>The Update 2013 finance planning framework and recommendations will be based on the best available data, tools, models and subject matter expert opinion. Many technical capabilities will require continued development and refinement in order to increase uniformity, accuracy, quantitative analysis and comparability of information and approaches; advance scientific understanding; and generally reduce uncertainty. A partial list of uncertainties to be addressed in future Water Plan Updates is show below:</p> <ul style="list-style-type: none">• Co-dependence of activities• Systemic analysis and optimization• Standardization of methods, information and estimates• Identification of leveraging opportunities, return on/value of investments and diminishing returns• Assigning economic value to environmental assets and services• Avoidance of double counting of costs <p>Finance-Themed Response Packages</p> <p>To develop practical decision support for future State IWM activities, many assumptions must be made about future conditions. These assumptions will be used to compose packages of water management strategies for analysis. The framework will include a method for articulating priorities at two scales (regional and statewide) and under different sets of assumptions about the future.</p> <p>Assumptions about future finance conditions could be based on differing levels of future debt. The response packages could range from a Higher Debt Scenario (heavy borrowing for future activities) to a Lower Debt future scenario.</p>	<p>Plenary Finance Session 3 <i>Principles for Investment Priorities and Apportioning Costs</i></p> <p>Approach for Prioritizing State IWM Investment</p> <p>The primary goal of this section is to remove implementation barriers that occur from a lack of clarity, certainty, and/or consistency in State IWM finance policy and practices. This includes federal and local implementers; where State cost-sharing is occurring. This section will include a description of interpretations of existing frameworks as well a new concepts for apportioning State investment in multi-objective solutions.</p> <p>Estimated Cost of Future IWM Activities</p> <p>This section speaks to the fundamental question: How much funding is anticipated to be necessary to meet State and regional IWM objectives through the year 2030?</p> <p>Available Financing Strategies</p> <p>This section will provide a menu of strategies from which recommendations can be drawn; including public/private partnerships. It will list and describe existing and potentially new State funding methods/strategies in the context of use for future State IWM finance. The description will include the most appropriate uses, and tradeoffs, of differing finance options with respect to different types of actions (i.e., infrastructure, innovation, etc.).</p> <p>Plenary Finance Session 3</p> <p>Role of Public Funding</p> <p>This subsection will describe the appropriate role of public funding with the goal of clarifying conditions or circumstances that warrant State investment in IWM activities (portions or entire activities).</p>	<p>Plenary Finance Session 5 <i>Criteria for Crafting Recommendations</i></p> <p>Finance Recommendations</p> <p>This section includes recommendations, based on preceding data and findings, on the following topics:</p> <ul style="list-style-type: none">• Governance for distributing and tracking investments• Administration of State funding.• Assurances that investments produce desired outcomes.• Approach for prioritizing future State investment.• Adaptive management (levels and methods for funding adaptive management).• Opportunities for leveraging or otherwise improving the way the State government plans and implements IWM.• Future analytical models and frameworks that will help quantify tradeoffs.• Improved alignment of planning, State policy-making and State regulation• Other mechanisms associated with funding and implementing the IWM activities/services that are determined to be best administered by the State (under Storyboard Component 5).• Other <p>Qualification of Recommendations</p> <p>This subsection includes a qualitative description of tradeoffs associated with each recommendation. It will clarify the rationale and potential risks or undesirable effects associated with the findings and recommendations.</p>
Plan to develop decision support system for use in future Updates	Constrained by stakeholder agreement and by data and tool limitations	Will be published, but constrained by stakeholder agreement/Data and tool limitations